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August 12 SB 792 Hearing

DRAFT Testimony

Preserve the authority to do public private partnerships

- \* Given the large gap between needs and resources, Texas must have every viable financing tool in the tool box in order to maintain and expand its transportation system
- \* PPPs or CDAs should be a tool available for any project, whether its a toll project or gas tax funded project
- \* TxDOT should also be authorized to use design-build procurement
- \* TxDOT should have the flexibility to select from the full spectrum of procurement options in order to chose the best method for any particular project
- \* Given the critical link between mobility and quality of life and economic vitality, the Legislature should substantially increase traditional funding (vehicle registration fees and motor fuel tax) if it elects to take away or substantially limit the authority to use PPPs or CDAs--not providing for resources to maintain and expand the transportation system to meet the state's mobility needs is unacceptable--the cost of congestion in North Texas is \$4.2 billion in wasted fuel and lost productivity; continuing to tolerate this economic loss when an increased level of investment in transportation of \$3 billion would solve the problem is truly bad public policy

Acknowledge the real reasons behind the moratorium on CDAs--opposition to tolling and opposition to the Trans Texas Corridor--and address the specific concerns

- \* If you want to fund new highway capacity with a revenue source other than tolls, then you are going to have to expand existing revenue sources--vehicle registration fees and motor fuel taxes--or authorize a new revenue source such as a mileage-based fee
- \* If you don't want to build the Trans Texas Corridor, then you

should direct TxDOT to develop an alternative plan to handle the state's mobility needs--ignoring the state's population and economic growth and the associated travel demand is unacceptable

\* If you don't like some of the CDA provisions, such as 50-year terms or non-compete clauses, then you should set parameters that you find acceptable, but you must in so doing quantify the revenue implications of such changes and make your decisions accordingly--these issues are basically allocations of risk and have quantifiable consequences

Examine carefully the issue of primacy

\* NTTA and HCTRA are both quality agencies that provide a needed and valuable service in their respective regions

\* Ideally there should be a rationale process to determine which projects are best performed by NTTA or HCTRA and which are best performed by TxDOT or by the private sector

\* The market valuation process as it exists currently is not functional--we've got to find a better way

\* Perhaps establishing a level playing field and having a competitive procurement process open to regional toll agencies and private consortia is the only way to determine true market value

\* We should not be lured in by the \$3.2 billion in revenue generated by the 121 project in North Texas to thinking that there is a pot of gold associated with all potential toll projects--the fact is that very few projects will generate excess revenue--most won't even be toll viable without some subsidy

\* While the 121 project in North Texas has provided much needed revenue to implement other North Texas transportation projects, for which we are most appreciative, we should ask ourselves if this is the way we really should be funding our transportation needs--it is the users of the 121 project that are providing the funding for other improvements in the region rather than the broader base of motorists who will benefit from those improvements--how fair or equitable is this?